

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| IN THE MATTER `OF THE APPEAL OF JORDAN HOMES, )         | APPEAL NO. 06-A-2037 |
| LLC from the decision of the Board of Equalization of ) |                      |
| Ada County for tax year 2006. )                         | FINAL DECISION       |
| )   | AND ORDER            |

**VACANT LAND APPEAL**

THIS MATTER came on for hearing August 31, 2006, in Boise, Idaho, before Hearing Officer Lyle R. Cobbs. Board Member David E. Kinghorn participated in this decision. Bobbie Schultz appeared for Appellant. Chief Deputy Assessor Marilee Fuller and Deputy Assessors Dan Curtis and Sandra Powers appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. R5299250300.

**The issue on appeal is the market value of an unimproved residential lot.**

**The decision of the Ada County Board of Equalization is modified.**

**FINDINGS OF FACT**

Following adjustment by the County, the subject lot's 2006 assessed value is \$227,500. Appellant requests the value be reduced to \$166,900.

The subject property is a 1.183 acre, unimproved residential lot located in Eagle, Idaho. Subject was purchased by Appellant in December 2004 for \$117,000. Subject's 2006 assessed value was originally determined to be \$260,000. The 2005 assessed value was \$112,000.

After receiving notice of the 100%-plus increase, Appellant checked on several nearby assessments and their respective increases. It was found that some larger (1.8 to 2.6 acres), nearby lots were assessed for less than subject at \$162,500 and \$175,000 and that a close by subdivision received a far smaller increase (27%) over 2005 values. The record is not complete on what basis the County reduced subject's original value. But the adjustment can be described,

at least in part, as addressing the degree of discrepancies.

Taxpayer also brought information on five (5) sales with late 2005 closing dates. They were all larger than subject (1.83 -2.48 acres) and ranged in price from \$239,000 to \$266,000.

The main basis underlying this relief claim was the disparate rates of increase applied to highly similar and proximate subdivision lots. Appellant felt it grossly unfair for subject lot to increase at a rate (percent) of change higher than the percentages of change applicable to lots in subdivisions that were located basically across the street. Some nearby lot assessments were comparably trended about 27%; others received no increase.

The County maintained market value as of January 1, 2006 was the key legal standard. Multiple legal cites were provided. It began its value case by offering evidence of the substantial price appreciation in subject's area over calendar year 2005. Information was presented on seven repeat lot sales (paired-sales analysis), spanning from January of 2005 to August of 2006. Appreciation in early 2005 was testified to be at a greater rate than in the latter part of the same year.

Respondent also considered the impact of utility improvements on price and what was termed the "contributory value of [the] additional acre" in explaining price variation for different sized, but otherwise similar lots. The "additional acre" was valued at \$61,448 which analysis indicated a subject lot value of \$230,052.

Three comparable sales were presented in an analysis grid. The sales were on the same street as subject and about one to five lots distance from subject. The adjusted prices for the larger and newer lots were \$232,000, \$227,500 and \$230,000. The analysis estimated subject's value at \$230,000. Two sale dates were from late 2005 and one from early 2006.

In response to points raised by Appellant, the County noted some subdivisions were more

recently appraised than subject's subdivision and thus required different trends to bring values current as of January 1, 2006. Other identified subdivision values were admitted to be below market value and in need of correction. It was explained that similarity and proximity were not key criteria for directing appraisal work in subject's area, but that such appraisal and trending was pursued on a subdivision by subdivision basis.

The record reveals two lots immediately West and South of subject are assessed for \$227,500 with sizes of 1.202 and 1.25 acres. The two lots immediately to the East and South are 1.971 and 2.038 acres respectively, and assessed for \$260,000 each. Subject appears to be the smallest lot discussed by either party and is 1.183 acres in size.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The recent market for residential lots is very active near the subject lot. Clearly prices have been on the rise. Different subdivisions have lots that are highly similar although not identical. The subject is smaller than most and sold about one year before the 2006 appraisal date for tax purposes. Time adjusting this and other sales is possible, but not considered to provide a highly reliable indicator of current market values.

The County has a particularly wide range of assessment results for the lot values discussed in this appeal. Mostly the apparent/admitted discrepancies were observed when comparing subdivision to subdivision where revaluation dates differed. Some discrepancy was also notable in relation to size differences. For instance, subject has the same assessed value

as two slightly larger adjoining lots, and a value \$32,500 less than two more neighbors that are about .8 acres larger. County analysis indicated an additional acre contributes \$61,000 to a lot's market value.

Both sides presented comparable sales suggesting subject's market value is likely not overstated at \$227,500. However the record appears equally clear in multiple respects that subject is being assessed at a higher rate of market value than numerous and highly similar lots. Equity is somewhat better within subject's own subdivision, but even here subject's smaller size was given rather little to no appreciable consideration. The County adjustment to subject's 2006 value was apparently intended to improve uniformity between contiguous neighboring property. The adjustment fell far short of addressing the numerous and systematic instances of larger lots in nearby subdivisions that are assessed for 2006 at \$162,500 to \$175,000. The Board notes there are other factors that bare on lot values such as the presence or absence of onsite improvements. But these are relatively minor in relation to total values.

A fair and just valuation under the circumstances might reasonably be addressed from different perspectives. Here the record contains substantial evidence of disparate assessments of similar property. The County has noted future changes are warranted and will be pursued. The subject lot is burdened with one of the most significant tax shifts due in part to being the smallest site, and being in another part assessed very near full market value.

In conclusion the Board holds the subject lot does not require any adjustment to reflect full market value; however an adjustment in 2006 is found necessary for equity and fairness purposes. Article VII, Section 5, of the Idaho Constitution. Therefore the Board will modify the decision of the Ada County Board of Equalization lowering subject's assessed value to \$215,000. We note this amount is less than all the immediate and larger neighbor's assessments within

subject's subdivision, and considers what the evidence suggests an additional acre contributes to value. Also, an improved and practical equity is recognized with nearby subdivisions' levels of assessment. A practical uniformity among like properties (same class) is the legal standard. This decision is designed to reflect such and correct what we hold was not an equitable and just assessment.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease to \$215,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this                day of                                , 2007.